



MHC HEALTHCARE FOUNDATION, INC.

REQUEST FOR PROPOSALS

FOR

RFP 2020

INVESTMENT MANAGEMENT SERVICES

ISSUE DATE: September 15, 2020

MHC Healthcare Foundation, Inc.
13395 North Marana Main Street
Marana, AZ 85653

www.mhchealthcare.org/foundation/

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SECTION 1: ADMINISTRATIVE INFORMATION

INTRODUCTION:

The MHC Healthcare Foundation, Inc. (Foundation) is soliciting proposals to secure an agreement for Investment Management Services. The Foundation seeks an experienced firm to provide advisory counsel and investment management services for a portfolio currently valued at approximately \$650,000.

OFFICIAL MEANS OF COMMUNICATION:

During the solicitation process for this RFP, all official communication between the Foundation and offering firms will be via postings on the MHC Healthcare Foundation website at: www.mhchealthcare.org/Foundation/. Notices may include, but are not limited to, any modifications to administrative or performance requirements, addendums or revisions to any part of the RFP, answers to inquiries received, clarifications to requirements, and the announcement of the winning proposal. **Proposing firms must carefully and regularly monitor the MHC Healthcare website for any such postings.**

SCOPE :

This RFP provides instructions governing the proposal to be submitted, mandatory requirements which must be met to be eligible for consideration, criteria by which a firm may be selected, and the agreement terms by which the Foundation proposes to govern the relationship with the selected firm.

SCHEDULE OF ACTIVITIES (TENTATIVE DATES)

RFP Issue Date	September 15, 2020
Inquiries Due	October 6, 2020 by 5:00 p.m. local time
Response to Inquiries	October 13, 2020
Proposal Submission Deadline	October 26, 2020 5:00 pm local Tucson time
Selection of Finalists	November 4, 2020
Oral Presentations (if necessary)	November 23, 2020
Approval by Investment Committee	December 16, 2020
Approval by Foundation Board	December 20, 2020
Investment Management Agreement Start Date	January 01, 2021

INQUIRIES: Firms may make inquiries concerning this RFP to obtain clarification of requirements. No inquiries will be accepted after the date and time indicated in the Schedule of Activities. Send all inquiries to: sstone@mhchealthcare.org

MODIFICATION OR WITHDRAWAL OF PROPOSALS: Proposals may be modified or withdrawn by the offering firm prior to the established submission due date and time.

PROPOSAL SUBMISSION: To be considered responsive, proposals must be received on or before the date and time indicated in the Schedule of Activities. All proposals received will become part of the official files of MHC Healthcare Foundation without any obligation on the part of the Foundation. Proposals received after the deadline will not be considered. Firms mailing their proposals are advised to allow sufficient mail delivery time to ensure receipt of their proposals by the time specified. The proposal package, (1) original and (1) electronic copy (by memory stick) of all materials, must be delivered or sent by mail to:

MHC Healthcare Foundation, Inc.
Stephen Stone, Director of Development
13395 North Marana Main Street
Marana, AZ 85653

Proposals must be submitted and sealed in a package clearly marked on the outside lower left corner:

RFP 2020 INVESTMENT MANAGEMENT SERVICES
SEALED PROPOSAL

The Foundation reserves the right to reject any and all proposals in whole or in part, to withdraw the RFP, to waive informalities in the solicitation documents, and to obtain new proposals. The RFP does not obligate the Foundation to accept or investment management agreement for any expressed or implied services, nor does it obligate the Foundation to pay any costs incurred by respondents in the preparation and submission of a proposal. Each proposal shall be valid and binding for a period of ninety (90) days after the RFP submission due date.

ORAL PRESENTATIONS: Firms deemed most qualified, after initial evaluation, may be asked to make oral presentations by the evaluation committee. Such presentations will be at the firms' expense. The scheduled date for presentations is November 23, 2020.

AWARD OF INVESTMENT MANAGEMENT AGREEMENT: As described within the RFP, an Evaluation Committee will review and score submitted proposals, and make a recommendation for award. The bid selected will be that which is found most advantageous to the Foundation. An agreement must be completed and signed by all parties concerned. In the event the parties are unable to enter into such an agreement, the Foundation may elect to cancel the award and enter into negotiations with the next ranking bidder.

SECTION 2: BACKGROUND, OVERVIEW AND GOALS

ORGANIZATION:

The MHC Healthcare Foundation was established in February 2005 to receive and solicit charitable gifts for MHC Healthcare, Inc. Since that time, the Foundation has grown considerably in membership and assets while remaining faithful to its original philosophy and purpose. Today, the Foundation has investible assets of approximately \$650,000.

The MHC Healthcare Foundation is governed by a Board of Directors comprised of community leaders who volunteer their time and talents to help ensure the organization achieves its mission. The Foundation is active in raising funds to purchase equipment for MHC Healthcare, support ongoing programs, apply for grants to support new programs, and capital expansion. The organization's leadership work closely with MHC Healthcare's CEO and Board leadership to help address the institution's advancement priorities. The Foundation serves as a charitable non-profit organization under Internal Revenue Code 501(c)3 designation, and retains fiduciary responsibility for the investment of the funds entrusted to it. More information about the Foundation can be found at:

<http://www.mhchealthcare.org>

ASSETS TO BE MANAGED:

The Foundation employs a total return policy for the total portfolio that is currently valued at approximately \$1 Million. The investment pool represents funds intended to support long-term goals of the Foundation. Investment Managers are requested to base their proposals on providing long-term investment returns in excess of the spending rate and in accordance with the investment policy.

A copy of the current Investment Policy statement is included as an attachment to this RFP.

AUTHORITY AND RELATIONSHIP:

The expectation is to establish a long-term relationship with the investment management firm(s) selected as part of this process, subject to periodic re-bid. The selected investment manager is required to attend a minimum of two Foundation Board meetings annually to provide an update and guidance for ongoing investments.

SECTION 3: SCOPE OF SERVICES

1. Investment managers will review investment policy annually and will invest funds in accordance with the Foundation's investment policy statement.
2. Investment managers will provide custom and/or blended benchmarks to assess investment performance.
3. Investment managers will provide monthly electronic statements by the 10th day of the following month.
4. Investment managers are required to make presentations no less than once a year as outlined in the investment policy.
5. Investment managers will provide education and training to Board members and staff on investment topics as requested.
6. All pertinent changes in personnel of the investment firm as they relate to portfolio accounts should be reported as they occur.

SECTION 4: REQUIRED PROPOSAL INFORMATION

Proposals shall specifically address and include the following information:

- A. Your Company Information
 - 1. Year organized;
 - 2. Number of clients and type of clientele (defined by industry and size of portfolio);
 - 3. Number of investment related staff;
 - 4. Assets under management;
 - 5. Number of offices located in the State of Arizona;
 - 6. Location of corporate headquarters;
 - 7. Related organizations; and
 - 8. List of any current litigation or regulatory actions against the firm.

- B. Qualifications
 - 1. Description of principals and professional staff responsible for the account;
 - 2. Number of years of experience in investment management;
 - 3. Describe investment philosophy;
 - 4. Describe customer service philosophy;
 - 5. Include three (3) specific references that we may contact (clients most similar to MHC Healthcare Foundation in type and size and similar services requested).

- C. Reporting, Portfolio Evaluation and Review of Accounts
 - 1. Frequency of reporting to clients;
 - 2. Format of reports (include sample reports in proposal submission);
 - 3. Frequency of portfolio evaluation.

- D. Recommended Asset Allocation
 - 1. Recommended asset allocation and estimated annual rate of return for one, three, and five years based on past performance;

- E. Insurance
 - 1. Provide a list of applicable E & O insurance coverage and include relevant coverage
- F. Research and Investment Decisions
- G.
 - 1. Provide internal and external research methods and resources; and
 - 2. Include processes for investment decision making process (committee, portfolio manager, external investment managers, etc.).
- H. Fees
 - 1. Indicate all fees and commissions for services; each service should be listed separately and a total cost provided for all services;
 - 2. Include a breakdown of the initial and ongoing consulting fees and the custodial and management fees as a percentage of the dollar value of the assets; and
 - 3. Include the frequency in which fees will be evaluated and the amount of any expected increase(s).
- I. Other Services
 - 1. Additional or alternative services that you are capable of providing that may be of benefit to the Foundation; and
 - 2. Include your experience in providing such services.

SECTION 5: EVALUATION CRITERIA

The Evaluation Committee will select a firm based on evaluation of proposals in accordance with the responses received to the criteria outlined below.

Qualified bidders must meet the following criteria:

- 1. Meet all specifications within the RFP or clearly indicate where your proposal deviates.
- 2. Show experience advising and reporting to similar sized non-profit organizations on the prudent management and oversight of portfolio funds.
- 3. The firm and all engaged personnel shall have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP.

Following is the evaluation template that will be used to evaluate the respondents.

EVALUATION

Category	Weight
Demonstrate successful past performance with similar-sized portfolios	
Competitiveness of fees	
Investment strategy	
Experience with similar non-profit institutions	
Quality of existing client relationships and industry references	
Ability to communicate effectively	
Reporting information	

The Foundation reserves the right to be the sole judge as to the overall acceptability of any proposal, or to judge the individual merits of specific provisions within competing offers; and its decision will be final. If oral presentations are requested by the Committee they will be scheduled on November 23, 2020.

The MHC Healthcare Foundation Board of Directors will have the final authority to approve the selection of an investment management firm. The Investment Management Agreement will be awarded to the firm based on, but not limited to, the evaluation criteria listed in **Section 5** and other factors that may be presented in the proposal and/or interviews.

ATTACHMENT: 1. Investment Policy



MHC HEALTHCARE FOUNDATION INVESTMENT POLICY

I. POLICY:

The purpose of this Investment Policy is to provide a clear statement of the Foundation's investment objectives, to define the responsibilities of the Board of Directors and any other parties involved in managing the Foundation's investments, and to identify or provide target asset allocations, permissible investments and diversification requirements.

II. DEFINITIONS:

None

III. PROCEDURES:

A. INVESTMENT OBJECTIVES

The overall investment objective of the Foundation is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

B. GENERAL PROVISIONS

1. All transactions shall be for the sole benefit of the Foundation.
2. The Board of Directors shall consider updating the Foundation's investment policy on an annual basis.
3. The Board of Directors shall conduct an annual review of the Foundation's investment assets to verify the existence and marketability of the underlying assets or satisfy them that such a review has been conducted in connection with an independent audit of the Foundation's financial statements.
4. Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board of Directors.
5. The Board of Directors will endeavor to operate the Foundation's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
6. Investments shall be diversified with a view to minimizing risk.
7. The Board of Directors is authorized to sell contributed assets on behalf of the Foundation providing such sale does not violate agreements with the donor. All sales will be reported to the board.
8. The Board of Directors shall manage endowment accounts in accordance with donor intent.
9. Absent instructions from the donor, capital gain on endowments shall be added to the principal.

10. Endowment accounts, while recorded as separate entities, may be co-mingled into an endowment pool for investment purposes.

C. DELEGATION OF RESPONSIBILITY: RELIANCE ON EXPERTS AND ADVISORS

1. The Board of Directors has ultimate responsibility for the investment and management of the Foundation's investment assets.
2. The Board may delegate authority over the Foundation's investments to a properly formed and constituted Investment Committee, being a Board Committee comprised only of Board of Directors.
3. The Board or Board Committee may hire outside experts as investment consultants or investment managers.
4. The Board may also establish an advisory committee (which may include non-Board of Directors) to provide investment advice to the Board or to the Board Committee. Advisory committees have no authority to act for the Board, but may monitor compliance with the investment policy, recommend changes, and assist the Board or Board Committee in selecting and retaining Investment Managers to execute this Investment Policy.

D. RESPONSIBILITIES OF THE BOARD, OR IF AUTHORITY IS DELEGATED, THE INVESTMENT COMMITTEE

The Board, or if authority is delegated, the Investment Committee, is charged with the responsibility of managing the investment assets of the Foundation. The specific responsibilities of the Board or the Investment Committee, as applicable, include:

1. Communicating the Foundation's financial needs to the Investment Managers on a timely basis.
2. Determining the Foundation's risk tolerance and investment horizon and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
4. Prudently and diligently selecting one or more qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s).
5. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
6. Developing and enacting proper control procedures; e.g., replacing investment manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

E. RESPONSIBILITIES OF INVESTMENT MANAGERS

1. Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.
2. Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.
3. Each investment manager will have full discretion in making all investment decisions for the assets placed under his, her or its care and management, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:
 - a. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
 - b. Reporting, on a timely basis, monthly investment performance results.
 - c. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.
 - d. Informing the Board, or if authority is delegated, the Investment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
 - e. Voting proxies, if requested by the Board, or if authority is delegated, the Investment Committee, on behalf of the Foundation.

- f. Administering the Foundation's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to the Foundation.

F. GENERAL INVESTMENT GUIDELINES

- A copy of this Investment Policy shall be provided to all Investment Managers.
- The Foundation is a tax-exempt Foundation as described in section 501(c) (3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making Foundation investments.
- The Foundation is expected to operate in perpetuity; therefore, a 10 year investment horizon shall be employed. Interim fluctuations should be viewed with appropriate perspective.
- A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for grant distributions, tax obligations and other anticipated expenses.
- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
- Permitted investments include: Cash and cash equivalents, marketable securities including equities and fixed income securities.
- The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.

G. DIVERSIFICATION

- The Foundation will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
- Investments in the equity securities of any one company shall not exceed 5% of the portfolio nor shall the total securities position (debt and equity) in any one company exceed 10% of the portfolio.
- Reasonable sector allocations and diversification shall be maintained. No more than 25% of the entire portfolio may be invested in the securities of any one sector.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio should not be a blind pool; each investment must be available for review.

H. ASSET ALLOCATION

- The asset allocation policy shall be predicated on the following factors:
 1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
 2. The correlation of returns among the relevant asset classes.
 3. The perception of future economic conditions, including inflation and interest rate assumptions.
 4. Liquidity requirements for the projected grants and other charitable expenditures.
 5. The relationship between the current and projected assets of the Foundation and projected liabilities.

I. ALLOCATION RANGE

Asset Allocation Range	Target	Upper limit
Cash & Equivalents	5%	0 – 15%
Fixed Income	40%	20 – 60%
Equities: Domestic Large Cap	25%	20 – 40%
Equities: Domestic Small/Mid Cap	20%	10 – 25%
Equities: International	10%	5 –15%

- Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary.

J. PERFORMANCE

Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: against inflation objectives for the total Foundation and against index objectives for individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on a three to five year basis to allow for market fluctuations and volatility.